

HOUSE BILL No. 1121

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-1.

Synopsis: Renewable energy standards. Requires an electricity supplier to supply a certain percentage of its total electricity supply from renewable energy resources. Establishes the renewable energy resources fund to receive penalties paid by electricity suppliers that fail to supply electricity from renewable energy resources. Continuously appropriates money in the fund. Requires the utility regulatory commission to adopt guidelines to assist electricity suppliers that participated in the CEPS program in complying with the new renewable energy standards. Repeals IC 8-1-37 (voluntary clean energy portfolio standard (CEPS) program).

Effective: July 1, 2015.

Dvorak

January 8, 2015, read first time and referred to Committee on Utilities, Energy and Telecommunications.



First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE BILL No. 1121

A BILL FOR AN ACT to amend the Indiana Code concerning utilities.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 8-1-8.8-10, AS AMENDED BY P.L.13-2013,
2 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2015]: Sec. 10. (a) As used in this chapter "renewable energy
4 resources" means the following:
5 (1) A clean energy resource listed in ~~IC 8-1-37-4(a)(1)~~
6 **IC 8-1-35-6(a)(1)** through ~~IC 8-1-37-4(a)(16)~~.
7 **IC 8-1-35-6(a)(12)**.
8 (2) Low temperature, oxygen starved gasification of municipal
9 solid waste.
10 (3) Methane recovered from landfills for the production of
11 electricity.
12 (b) Except for energy described in subsection (a)(2), ~~and~~
13 ~~IC 8-1-37-4(a)(9)~~, the term does not include energy from the
14 incinerations, burning, or heating of any of the following:
15 (1) Tires.



1 (2) General household, institutional, commercial, industrial
2 lunchroom, office, or landscape waste.

3 (c) The term excludes treated or painted lumber.

4 SECTION 2. IC 8-1-8.8-14, AS AMENDED BY P.L.53-2014,
5 SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
6 JULY 1, 2015]: Sec. 14. The group shall conduct an annual study on
7 the use, availability, and economics of using in Indiana the clean
8 energy resources listed in ~~IC 8-1-37-4(a)(1)~~ **IC 8-1-35-6(a)(1)** through
9 ~~IC 8-1-37-4(a)(6)~~. **IC 8-1-35-6(a)(6)**. The commission may direct the
10 group to study additional clean energy resources as the commission
11 considers appropriate. Each year, the group shall submit a report on the
12 study to the commission for inclusion in the commission's annual report
13 to the interim study committee on energy, utilities, and
14 telecommunications established by IC 2-5-1.3-4 in an electronic format
15 under IC 5-14-6. The commission shall direct the group concerning the
16 appropriate level of detail for the report. The report must include
17 suggestions from the group to encourage the development and use of
18 clean energy resources and technologies appropriate for use in Indiana.

19 SECTION 3. IC 8-1-35 IS ADDED TO THE INDIANA CODE AS
20 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
21 1, 2015]:

22 **Chapter 35. Renewable Energy Development**

23 **Sec. 1. As used in this chapter, "electricity supplier" means a**
24 **public utility (as defined in IC 8-1-2-1) that furnishes retail electric**
25 **service to the public. The term does not include a public utility that**
26 **is:**

- 27 (1) a corporation organized under IC 8-1-13;
28 (2) a corporation organized under IC 23-17-1 that is an
29 electric cooperative and that has at least one (1) member that
30 is a corporation organized under IC 8-1-13; or
31 (3) a municipally owned utility (as defined in IC 8-1-2-1(h)).

32 **Sec. 2. (a) As used in this chapter, "energy efficiency measures"**
33 **means a device, method, or project that:**

- 34 (1) is installed or implemented by an electricity supplier; and
35 (2) reduces electrical energy usage.

36 **(b) The term includes the following:**

- 37 (1) Home weatherization.
38 (2) Appliance efficiency modifications or replacements.
39 (3) Motor efficiency modifications or replacements.
40 (4) Lighting efficiency modifications.
41 (5) Heating or air conditioning modifications or replacements.
42 (6) Building designs with the purpose of achieving end use



1 energy reductions.

2 (7) Improvements that:

3 (A) increase the efficiency of transmission and distribution
4 systems used to transmit electricity from the source to the
5 end user; and

6 (B) reduce the loss of electricity during transmission.

7 (8) Energy efficiency or demand side management programs.

8 Sec. 3. As used in this chapter, "fund" refers to the renewable
9 energy resources fund established by section 11 of this chapter.

10 Sec. 4. As used in this chapter, "regional transmission
11 organization" refers to a regional transmission organization
12 approved by the Federal Energy Regulatory Commission that
13 serves a region that includes all or part of Indiana.

14 Sec. 5. As used in this chapter, "renewable energy credit", or
15 "REC", means a tradable commodity equivalent to one (1)
16 megawatt hour of electricity generated by renewable energy
17 resources.

18 Sec. 6. (a) As used in this chapter, "renewable energy resources"
19 includes the following sources for the production of electricity:

20 (1) Dedicated crops grown for energy production.

21 (2) Solar energy technologies, including:

22 (A) photovoltaic cells and panels; and

23 (B) solar thermal energy.

24 (3) Hydropower, other than hydropower involving the
25 construction of new dams or the expansion of existing dams.

26 (4) Wind.

27 (5) Sawmill waste, other than waste derived from virgin
28 timber.

29 (6) Agricultural crop waste.

30 (7) Methane systems that convert waste products, including
31 animal, food, and plant waste, into electricity.

32 (8) Methane recovered from landfills.

33 (9) Fuel cells that directly convert chemical energy in a
34 hydrogen rich fuel into electricity.

35 (10) Combined heat and power systems that:

36 (A) use natural gas or renewable energy resources as
37 feedstock;

38 (B) achieve at least seventy percent (70%) overall
39 efficiency; and

40 (C) are constructed after January 1, 2015.

41 (11) Energy efficiency measures installed after January 1,
42 2015, that reduce electrical energy usage.



1 (12) Geothermal hot water district heating systems.

2 (b) The term does not include energy from the incineration,
3 burning, or heating of the following:

4 (1) Tires.

5 (2) Garbage, including municipal solid waste burned as fuel
6 to generate electricity.

7 (3) General household, institutional, or commercial waste.

8 (4) Industrial lunchroom or office waste.

9 (5) Landscape waste.

10 (6) Construction or demolition debris.

11 (7) Feedstock that is municipal, food, plant, industrial, or
12 animal waste from outside Indiana.

13 Sec. 7. Each electricity supplier shall supply electricity
14 generated or reduced by renewable energy resources to Indiana
15 customers as a percentage of the total electricity supplied by the
16 electricity supplier to Indiana customers as follows:

17 (1) Not later than December 31, 2015, at least five percent
18 (5%).

19 (2) Not later than December 31, 2016, at least seven percent
20 (7%).

21 (3) Not later than December 31, 2017, at least nine percent
22 (9%).

23 (4) Not later than December 31, 2018, at least eleven percent
24 (11%).

25 (5) Not later than December 31, 2019, at least thirteen percent
26 (13%).

27 (6) Not later than December 31, 2020, at least fifteen percent
28 (15%).

29 (7) Not later than December 31, 2021, at least seventeen
30 percent (17%).

31 (8) Not later than December 31, 2022, at least nineteen
32 percent (19%).

33 (9) Not later than December 31, 2023, at least twenty-one
34 percent (21%).

35 (10) Not later than December 31, 2024, at least twenty-three
36 percent (23%).

37 (11) Not later than December 31, 2025, at least twenty-five
38 percent (25%).

39 For purposes of this subsection, electricity is measured in
40 megawatt hours.

41 Sec. 8. (a) An electricity supplier may use a renewable energy
42 resource described in section 6(a)(10) of this chapter to generate



1 not more than ten percent (10%) of the electricity that the
 2 electricity supplier is required to supply under section 7 of this
 3 chapter.

4 (b) An electricity supplier shall use a renewable energy resource
 5 described in section 6(a)(11) of this chapter to generate at least fifty
 6 percent (50%) of the electricity that the electricity supplier is
 7 required to supply under section 7 of this chapter. Not more than
 8 twenty percent (20%) of the amount of electricity generated under
 9 this subsection must be from a renewable energy resource
 10 described in section 6(a)(11) of this chapter that is an energy
 11 efficiency measure described in section 2(b)(7) of this chapter.

12 (c) An electricity supplier may own, generate, purchase, or trade
 13 RECs to comply with section 7 of this chapter.

14 (d) An electricity supplier is responsible for conducting
 15 sufficient advance planning to acquire its allotment of RECs.

16 (e) An electricity supplier that is required, and fails, to comply
 17 with section 7 of this chapter shall deposit in the fund an amount
 18 equal to:

- 19 (1) the number of megawatt hours of electricity that the
- 20 electricity supplier was required to but failed to supply under
- 21 section 7 of this chapter; multiplied by
- 22 (2) fifty dollars (\$50).

23 An electricity supplier may not recover from its customers a cost
 24 incurred under this subsection.

25 **Sec. 9. (a)** An electricity supplier is not required to comply with
 26 section 7 of this chapter if the commission determines that events
 27 beyond the reasonable control of the electricity supplier prevent
 28 the electricity supplier from meeting its renewable energy
 29 resources or REC requirements. For purposes of this section,
 30 "events beyond the reasonable control of the electricity supplier"
 31 includes only weather related damage. The term does not include
 32 failure of the spot or short term market to supply an electricity
 33 supplier with the allocated number of RECs.

34 (b) The commission shall conduct a public hearing before
 35 making a determination under subsection (a).

36 (c) If the commission determines under subsection (a) that
 37 events beyond the reasonable control of the electricity supplier
 38 prevent the electricity supplier from meeting its renewable energy
 39 resources or REC requirements, the commission shall:

- 40 (1) reduce the affected electricity supplier's obligations under
- 41 section 7 of this chapter as appropriate; and
- 42 (2) review the commission's determination not more than six



- 1 (6) months after the reduction under subdivision (1) takes
2 effect.
- 3 **Sec. 10. (a) For purposes of calculating RECs to determine an**
4 **electricity supplier's compliance with section 7 of this chapter, the**
5 **following apply:**
- 6 (1) One (1) megawatt hour of electricity generated by
7 renewable energy resources in an Indiana facility equals one
8 (1) REC.
- 9 (2) One (1) megawatt hour of electricity generated by a
10 renewable energy resource described in section 6(a)(2) or
11 6(a)(7) of this chapter that originates in Indiana equals two (2)
12 RECs.
- 13 (3) One (1) megawatt hour of electricity generated by a
14 renewable energy resource described in section 6(a)(5) or
15 6(a)(6) of this chapter that originates in Indiana equals one
16 and two-tenths (1.2) RECs.
- 17 (4) One (1) megawatt hour of electricity that is generated by
18 a renewable energy resource in the territory of a regional
19 transmission organization and imported into Indiana equals
20 the following:
- 21 (A) For the period beginning July 1, 2015, and ending
22 December 31, 2018, one (1) REC.
- 23 (B) For the period beginning January 1, 2019, and ending
24 December 31, 2025, five-tenths (0.5) REC.
- 25 (b) An electricity supplier may satisfy not more than ten percent
26 (10%) of the electricity supplier's requirement under section 7 of
27 this chapter by owning or purchasing RECs generated by a
28 renewable energy resource described in section 6(a)(10) of this
29 chapter.
- 30 (c) A REC calculated under this section shall be increased as
31 follows:
- 32 (1) A REC that is available during periods of peak demand is
33 increased by two-tenths (0.2) REC.
- 34 (2) A REC that is:
- 35 (A) generated during periods of nonpeak demand; and
36 (B) stored and made available during periods of peak
37 demand;
38 is increased by two-tenths (0.2) REC.
- 39 (3) A REC that is generated using equipment made in
40 Indiana, as determined by the commission, is increased by
41 one-tenth (0.1) REC.
- 42 (4) A REC that is generated in a facility constructed by



- 1 **Indiana workers, as determined by the commission, is**
 2 **increased by one-tenth (0.1) REC.**
 3 **Sec. 11. (a) The renewable energy resources fund is established**
 4 **to provide funding for the following:**
 5 **(1) Renewable energy technology research at state supported**
 6 **colleges and universities.**
 7 **(2) Grants or other financial incentives for renewable energy**
 8 **manufacturing projects.**
 9 **(3) Education and technical assistance projects that encourage**
 10 **businesses and industries to install energy efficiency and**
 11 **renewable energy technologies.**
 12 **(4) The design, planning, construction, and use of renewable**
 13 **energy resources in Indiana, including facilities with a**
 14 **nameplate capacity of five (5) megawatts or less that generate**
 15 **electricity from renewable energy resources.**
 16 **(b) The fund consists of the following:**
 17 **(1) Money deposited under section 8(e) of this chapter.**
 18 **(2) Money from any other source that is deposited in the fund.**
 19 **(c) The Indiana economic development corporation shall**
 20 **administer the fund.**
 21 **(d) The expenses of administering the fund shall be paid from**
 22 **money in the fund but may not exceed ten percent (10%) of the**
 23 **balance in the fund.**
 24 **(e) The treasurer of state shall invest the money in the fund not**
 25 **currently needed to meet the obligations of the fund in the same**
 26 **manner as other public money may be invested. Interest that**
 27 **accrues from these investments shall be deposited in the fund.**
 28 **(f) Money in the fund at the end of a state fiscal year does not**
 29 **revert to the state general fund. Money in the fund is continuously**
 30 **appropriated for purposes of the fund.**
 31 **Sec. 12. Not later than March 1, 2016, and each year thereafter,**
 32 **a utility shall file with the commission a report of the utility's**
 33 **compliance with this chapter for the preceding calendar year.**
 34 **Sec. 13. (a) The commission shall adopt rules under IC 4-22-2 to**
 35 **implement this chapter, including rules to establish a program for**
 36 **the certification and trading of RECs to comply with section 7 of**
 37 **this chapter.**
 38 **(b) The commission shall adopt and publish guidelines to assist**
 39 **electricity suppliers that participated in the voluntary clean energy**
 40 **portfolio standard program under IC 8-1-37 (repealed) in**
 41 **complying with this chapter.**
 42 **Sec. 14. Not later than November 1, 2015, the commission shall**



1 **submit a report in an electronic format under IC 5-14-6 to the**
2 **general assembly that includes:**
3 **(1) an analysis of; and**
4 **(2) any legislative proposals the commission believes would**
5 **increase;**
6 **the effectiveness of and industry compliance with this chapter.**
7 SECTION 4. IC 8-1-37 IS REPEALED [EFFECTIVE JULY 1,
8 2015]. (Voluntary Clean Energy Portfolio Standard Program).

